

LFC Requester: _____

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov
(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: _____ *Check all that apply:*
Bill Number: HM059 Original Correction
 Amendment Substitute

Sponsor: SK HERRERA, P HERNDON, R DOW, PA
 LUNDSTROM, A ROMERO
Short Title: STUDY FAIR FOSTER
 PARENT COMPENSATION
Agency Name and Code: CYFD - 690
Number: _____
Person Writing: Kathleen Hardy
Phone: 505-660-8508 **Email:** Kathleen.hardy@cyfd.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
 Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: This memorial asks the Children Youth and Families Department (CYFD) to conduct a “fair compensation” rate study, including a cost of living allowance, and report conclusions and recommendations to the legislative health and human services committee by November 30, 2026.

FISCAL IMPLICATIONS

There is no appropriation contained within this memorial. CYFD would need to dedicate a position full time to meet the deadline of November 30, 2026.

SIGNIFICANT ISSUES

CYFD last started a rate study in fall 2019, completing it in 2021, with support from Casey Family Programs, with federal guidance on how to conduct the study and who to involve. This study resulted in a rate increase of 2%, plus an additional \$50/month/child clothing allocation. A base rate study takes a minimum of six months, with a quality study taking longer. Federal guidance prescribes the need to research five full years of all subsidies and expenditures.

Rate studies require a team to research other states’ rates, conduct a cost-of-living analysis, research Title IV-E requirements, and determine whether CYFD can absorb the cost while awaiting Title IV-E reimbursement for the children and youth who qualify. The current Federal Medical Assistance Percentage averages 72%, meaning that Title IV-E only reimburses states at a rate of 72% for foster care maintenance, and adoption guardianship subsidies. CYFD can only claim federal reimbursement for children and youth who are determined to be Title IV-E eligible. The percentage of IV-E-eligible children - also known as the eligibility or penetration rate - within the state’s foster care population has averaged 48% to 50% over the past three years.

Any recommendations made must take into consideration these two factors when determining whether the necessary increase in CYFD’s base budget can be absorbed by the state general fund.

An increase in foster care rates will result in an increase in adoption and guardianship subsidies. The state of New Mexico will need to account for all future adoption and guardianship subsidies, which are paid through a child’s 18th birthday.

PERFORMANCE IMPLICATIONS

CYFD has reporting requirements which would be negatively affected by the requirement to perform two years of work within nine months without support.

ADMINISTRATIVE IMPLICATIONS

CYFD cannot absorb the administrative implications of performing two years of work within nine months with existing resources.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to SB231

TECHNICAL ISSUES

None identified.

OTHER SUBSTANTIVE ISSUES

None identified.

ALTERNATIVES

None proposed.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo. CYFD will conduct a thorough methodical rate study with support from community partners that makes realistic recommendations.

AMENDMENTS

None proposed.